भारतीय प्रतिभूति
और विनिमय बोर्ड

Securities and Exchange Board of India

GENERAL MANAGER
INTEGRATED SURVEILLANCE DEPARTMENT

ISD/SR/SRS/6450 /2004
April 1, 2004

(i) Shri Sanjay Aggarwal
S/o. Shri Harriram Aggarwal
7th floor, Juhu Shalimar Co-op. Hsg. Society,
Gulmohar Cross Road No. 10, Juhu
Mumbai 400 049

(ii) Shri Subodh Bhandari
FMC Fortuna, 3rd floor, Room No.B1
243/3A, JAC Bose Road
Calcutta 700 020

(iii) Shri N S Trivedi
Dev Bhuwan, 2nd floor,
Gazdar Street, Chira Bazar
Mumbai 400 002

(iv) Shri Ketan Sheth
Lalit Kutir, Off. North South Road,
No.9, JVPD,
Mumbai 400 049

(v) Shri Rakesh Chandak
S/o. Shri Shaym Chandak
64, Dharmajyot , AB Nair Road, Juhu
Mumbai-400 049

(vi) M/s. Dalhousie Securities
'Raj Kutir' Ground floor,
2B, Pretoria Street,
Calcutta – 700 001

(vii) M/s. Home Trade Ltd.
Tower 3, 5th floor,
Vashi Railway Station Complex,
Navi Mumbai, Mumbai – 400 073

(viii) Euro Offshore Investments Ltd.
5, Duke of Edinburgh Avenue,
Port Louis, Mauritius

(ix) Ways Inc
Subsidiary of Euro Offshore
Investments Ltd.
5, Duke of Edinburgh Avenue,
Port Louis, Mauritius

(x) Euro Allied Ltd.
5, Duke of Edinburgh Avenue,
Port Louis, Mauritius

(xi) Euro Discover Ltd.
5, Duke of Edinburgh Avenue,
PO Box – 627, Port Louis, Mauritius

(xii) Sh. Dhananjay Aggarwal
S/o Hariram Agarwal
C/o Euro Asian Securities Ltd.
(now Home Trade Ltd)
143-A, Mitta Court, Nariman Point
Mumbai-400 021

(xiii) Shri Vijendra Kumar Surana
S/o. Late Surat Raj Surana
10, Clive Road, 1sr Floor,
Calcutta 700 001

(xiv) Sh. Dilip Jain
S/o. Dr.K.K.Jain
13, Rammohan Dutta road
Calcutta-700 020

(xv) Sh. Manoj Chandak
S/o. Sh.Tarachand Chandak
404, Mahak Apartment
4/2, New Palasia, Indore

(xvi) Sh. Manoj (Mike) A Shah
3, Bellary Road, RMV, Extn.,
Bangalore – 560 080

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मित्तल कोर्ट, "बी" स्कंध, प्रथम तल, 224, नरिमन पॉइंट, मुंबई-400 021. दूरभाष : 22850451 (6 लाईनें), 22880962 (9 लाईनें), फैक्स : 022-22045633/22021073
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अनुवर्ती :
Continuation:

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange Board of India

(xvii) Sh. Alan James McMillan
785, Caslro St., Mountain View,
USA 94041

(xviii) Sh. Russell H. Boekenkroger Jr.
2, Timber Hill Terrace,
Lynn Field MA 01940, USA

(xix) Shri Shashank Ranade
3/1, Radhakrishnaniwas, Gr. Floor,
Dagadiwadi, S K Bole Road, Dadar,
Mumbai – 400 028

(xx) Shri Salil D Gandhi
A-II / 13, Gold Coior Co-op. Hsg. Soc.,
Tardeo, Mumbai 400 034

(xxi) Shri Vijay Kumar Modi
A/203, Bellivali, Amita Co-op. Hsg. Soc.,
Borivali (E), Mumbai 400 066

(xxii) Sh. Tanya Sek Sum
Director Euro Offshore Investment Ltd.
5, Duke of Edinburgh Avenue,
Port Louis, Mauritius

(xxiii) Sh. Michael VK Lo Tiap Kwong
Director Euro Offshore Investment Ltd.
5, Duke of Edinburgh Avenue,
Port Louis, Mauritius

(xxiv) Ways India Ltd.
Tower 3, 5th floor,
Vashi Railway Station Complex,
Navi Mumbai, Mumbai – 400 073

Dear Sir,

Sub.: Show Cause Notice under section 11 and 11B of SEBI Act, 1992

1. No. (i), (ii), (v), (vi), (viii), (ix), (x) & (xi) of you are promoters of no. (vii) of you. No. (iii) of you is the Director of no. (vii) of you. No. (iv) of you is Director in no. (viii) of you. No. (xii) to (xxi) are also the Directors of no. (vii) of you. No. (xii) of you is also Director of no. (ix) and (xi) of you. No. (vii) of you was incorporated as a company in the name of M/s. Lloyds Brokerage (P) Ltd. in the year 1993 and the name of the Company was changed to M/s. Lloyds Brokerage Ltd on 02/07/1993. The said company once again changed its name to M/s Euro Asian Securities Ltd on 31/07/1998. Subsequently, the name of the company was once again changed to M/s. Home Trade Ltd. on 24/11/1999.

1.1 No. (viii) of you (a promoter of no. (vii) of you came out with an offer for sale of 59,90,250 equity shares of no. (vii) of you of Rs. 10/- each for cash at a price of Rs. 50/- per share aggregating to Rs. 29.95 crores during October, 1999. The offer for sale opened on 27th October 1999 and closed on 30th October 1999.

2. An investigation into the affairs pertaining to the Offer for Sale by no. (viii) of you and the subsequent listing and trading of the shares of no. (vii) of you at Pune and Bangalore Stock Exchange was initiated by SEBI.

3. The Offer for Sale for 59,90,250 shares of no. (vii) of you representing 25% of the equity capital was offered by no. (viii) of you (a promoter of no. (vii) of you) during 27-30 October 1999 @ Rs.50/- per share. The offer for sale opened on 27th October 1999 and closed on 30th October 1999. Subsequently, the shares of no. (vii) of you were listed on Pune Stock Exchange and Bangalore Stock Exchange and trading started on15th November, 99. Your paid up capital constituted of 2,39,61,000 shares of Rs.10 each amounting to Rs. 23.96 crores. During September 2000, no. (vii) of you sub-divided each share having face value of Rs. 10/- into 5 shares of face value of Rs. 2/- each. It was seen that the promoters were holding 75% of the post-issue capital of no. (vii) of you under the category promoter's holding.

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3.1 From the details submitted by stock exchange and registrar to the offer for sale it was observed that certain individuals made applications for large quantity of shares in the said offer for sale of shares of no. (vii) of you by no. (viii) of you.

4. No. (iv) of you i.e. Shri Ketan Sheth and his associates/family members and associate/connected firms were large share holders in No. (vii) of you i.e. HTL. On perusal of the prospectus for the Offer for Sale, it was seen that no. (iv) of you was a director in Promoter and offeror No. (viii) of you i.e. Euro Offshore Investments Ltd and its subsidiaries. The subsidiaries of No. (viii) of you are (ix), (x) & (xi) of you i.e. WAYS Inc., Euro Allied Ltd. and Euro Discover Ltd. respectively. From the annual report of (vii) i.e. HTL, it is seen that (iv) i.e Shri Ketan Sheth was inducted as an additional director on the Board of Directors of no. (vii) of you i.e. HTL during the financial year 1999-2000 and continued to be a Director till May 2001. Thus, it is clear that (iv) i.e Sh.Ketan Sheth was a part of the promoter group of no. (vii) of you. On perusal of the details obtained from the Registrar to the Offer for Sale, it was observed that (iv) of you and associate persons/family members (hereinafter referred to Ketan Sheth group) made large applications for the shares of no. (vii) of you in the said offer. The details are more particularly described in tabular form at **ANNEXURE 1**

5. The 9 applications shown at **ANNEXURE 1** were made by Ketan Sheth group for 24,30,000 shares (out of the total offer for sale of 59,90,250 shares) constituting 40.56% of the total offer for sale. 24,17,850 shares were allotted to these 9 applications. Perusal of the bank details revealed that the subscription money received from these 9 applicants were paid back to them by no. (vii) of you out of the public issue proceeds in the following manner :

5.1 After the closure of the issue the proceeds were collected in the account of No. (xiii) of you i.e. Euro Offshore Investments Ltd. at Indusind Bank Ltd. which was the collection bank for the issue. On perusal of the details submitted by Indusind Bank Ltd. it was seen that the issue proceeds were converted into FCNR deposit and against the lien on this deposit, a bridge loan was sanctioned by the Indusind bank Ltd. to the associate entities / entities under the same management of (vii) of you i.e. HTL, namely Tellme.Com (INDIA) Ltd. and Buyeverthing.Com (INDIA) Ltd. for an amount of Rs.14,54,44,000/- each. These entities i.e. Tellme.Com and Buyeverthing.Com did not have accounts at Indusind Bank Ltd at all. The funds received against lien on offer for sale proceeds by aforesaid entities were collected in the bank accounts of these entities at Janata Sahakari Bank Ltd., Fort Branch on November 11, 1999. It was observed that an amount of Rs.12,05,00,000/- was transferred from the account of Tellme.Com to the account of Poddar Trading Co. on the same day. This amount was further transferred to the account of Parakh Shares and Stock Broking Services Ltd. on the same day. It was further seen that on the same day i.e. November 11, 1999 an amount of Rs.5 crores was paid to (iv) of you i.e. Ketan Sheth from the account of Parakh Shares.

5.2 The amount received in the account of Buyeverything.com i.e. Rs.14,54,44,000/- on November 19, 1999 was transferred to the accounts of Hooghly Trading Co. (Rs.10,29,00,000/-) and to the account of Pacific Finance (Rs.4,25,00,000/-). An amount of Rs.2,49,00,000/- was also transferred to the account of Pacific Finance from the account of Tellme.Com. Thus Pacific Finance received Rs.6,74,00,000/- out of this 4.25 crore were received from Tellme.Com which were routed through the account of Hooghly Trading; this was in addition to Rs.2,49 Crore received from Buyeverything.Com. Further, this amount was transferred from the account of Pacific

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Finance to the account of AGS financial Services Ltd. on the same day i.e. November 19, 1999. It was observed that, on the same day an amount of Rs.3 crores was paid to (iv) of you by AGS Financial.

5.3 As stated above, an amount of Rs.10,29,00,000/-was transferred to the account of Hooghly Trading Co. on November 19, 1999 from the account of Buyeverything.com. This amount was further transferred to the account of Maniram Consultants on the same day. Investigations revealed that out of the above receipts in the account of Maniram Consultants, an amount of Rs.4,15,00,000/- was paid to (iv) of you i.e Ketan Sheth on the same day.

5.4 From the above, it can be seen that (iv) of you received Rs.5,00,00,000/- through the account of Parakh Shares, Rs.3,00,00,000/- through the account of AGS Financial Services and Rs.4,15,00,000/- through the account of Maniram Consultants amounting to Rs.12,15,00,000/-. It is also clear from the above, that the amounts of Rs.12,15,00,000/- received by no. (iv) of you i.e. Ketan Sheth had come from the proceeds of offer for sale of the shares of Home Trade Ltd., which was routed in the circuitous manner through the aforesaid bank accounts as mentioned above. It is pertinent to mention that Ketan Sheth Group subscribed in the said offer for sale by no. (viii) of you of the shares of No. (vii) of you to the extent of Rs.12.15 Crore. It is exactly this amount which has been received by (iv) of you from (viii) of you i.e. Euro Offshore Investment Limited.

6. The above mentioned Tellme.Com, Buyeverythin.Com, Parakh Shares & Stock Broking Services Ltd., AGS Financial Services Ltd., Maniram Consultants Ltd., no (vi) of you., Hooghly Trading Ltd., Pacific Finance and Poddar Trading are front/associated/connected with no. (vii) of you. This is evident from the following :

6.1 Out of the above entities, No. (vi) of you i.e. Dalhousie Securities Ltd. was shown as promoter in the prospectus for Offer for Sale and distribution schedule of (vii) of you i.e. HTL.

6.2 All the aforesaid entities have their bank accounts at Janata Sahakari Bank Ltd., Fort Branch Mumbai. All these accounts were introduced by Euro Asian Securities Ltd. (former name of No. vii of you).

6.3 Out of the above entities, Maniram Consultants Ltd. was having its office at 143, Wing A, Mittal Court, Nariman Point, Mumbai – 400 021 which the address of office of (vii) of you. It was also seen that the authorised signatory for the bank account of Maniram Consultants Ltd. were (i) & (iii) of you i.e. Shri. Sanjay Agarwal and Shri. N. S. Trivedi, respectively.

6.4 Janata Sahakari Bank, Fort Branch, in their letter stated that two or three representatives used to visit bank regularly for the purpose of deposit of cheques and collection of Cheque Book for the aforesaid accounts as well as for (vii) of you and other related accounts like Parakh Shares, AGS Financial Services, Maniram Consultants, No. (vi) of you., Hooghly Trading and Investments, Poddar Trading, Maniram Consultants, Pacific Finance.

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6.5 Perusal of bank accounts revealed that there were regular inter se transfers of funds of large amounts in these accounts since opening of these accounts during October-November 1999 till March 2002.

6.6 Out of the above entities, Parakh Shares and Stock Broking Services Ltd., AGS Financial Services Ltd. Was said to be based in Kolkata and the authorised signatory for the bank account of these entities was one Shri Mahendra Agarwal. There were no indications of these companies being there. No books of accounts, sign boards, employees were traced/found at the addresses of these companies at Kolkata.

6.7 On perusal of the details received from Shree Sadguru Jangli Maharaj, Sahakari Bank Ltd., it was seen that, in total 74,09,100 shares of Home Trade Ltd. in the name of Parakh Shares and Stock Broking Services Ltd. and Maniram Consultants Ltd. were pledged by Home Trade Ltd. with the aforesaid bank as collateral security against outstanding payment of Rs. 45 Crores due to the bank from (vii) of you i.e. HTL. It therefore shares a clear nexus and connection. Shares belonging to Maniram and Parakh Shares were pledged by promoters of no. (vii) of you i.e No. (i), (ii), (iv), (v), (vi), (viii), (ix), (x) & (xi) with the bank. This clearly shows the nexus between the three.

6.8 On perusal of the account opening form of the account of Parakh Shares and Stock Broking Services Ltd. it was seen that, the authorised signatories for the bank account of these companies was the very same Mahendra Agarwal.

6.9 Shares were subscribed by the Lippo Properties Private Limited on behalf of Parakh Shares & Stock Brokers. The shares were given to Parakh after the subscription money along with interest was received by Lippo Properties. The whole deal was negotiated by no. (iii) of you i.e. Mr.Trivedi of (vii) of you. This shows that subscription was arranged by promoters No. (i), (ii), (iv), (v), (vi), (viii), (ix), (x) & (xi) of (vii) of you and Parakh Shares was merely a front of the aforesaid you.

6.10Parakh Shares, AGS Financial Services, Poddar Trading, Maniram Consultants, Pacific Finance, Hooghly Trading were specific investors in the unlisted associate company of (vii) of you viz. Ways India Limited.

6.11 Shares purchased in the name of Parakh Shares, AGS Financial Services, Poddar Trading, Maniram Consultants were acquired from the funds received from (vii) of you.

7. Ketan Sheth group were allotted about 40.35% shares of the total Offer for Sale and about 10.14% of the post-issue equity share capital of (vii) of you i.e. HTL. Hence, it is clear that the shares allotted to the applications in the name of Ketan Sheth group were beneficially owned by (vii) of you. This is clear from the fact the entire application amount was paid back to Ketan Sheth group and, as confirmed by the Registrar to the Offer for Sale, the shares allotted to Ketan Sheth group were hand delivered by the Registrar to (vii) of you and not to the allottees. Thus, the above applications of Ketan Sheth group were not genuine. This led to cornering of a substantial portion of the floating stock in the scrip in the hands of (vii) of you and your promoters/directors/associate persons.

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7.1 The shares allotted against the applications in the name of (iv) of you i.e Ketan Sheth and family members/associate persons were hand-delivered by the registrar to (iii) of you i.e. Shri. N. S. Trivedi, director of (vii) of you. The request for issuing Jumbo Share Certificates for these applicants was also made by (vii) of you to the registrar and the registrar had delivered the Jumbo Certificates for these applicants also to the company. The registrar had also submitted acknowledged copies of letters addressed to (vii) of you in which it was stated that, the share certificates in respect to (iv) of you and your family members/associate persons had been sent to (vii) of you i.e. HTL.

8. It was also noticed that applications were made in the Offer for Sale by certain Directors/key management personnel of (vii) of you. Relevant details are given below :

Sr. No.	Name of the applicant	No. of Shares applied for	No. of shares allotted	Amount
1	Sanjay Agarwal, (no. (i) of you) Whole-time Director of no. (vii) of you and the management of no. (vii) of you is looked after by a team which was headed by no. (i) of you	600000	597000	30000000
2.	N. S. Trivedi (no. (iii) of you) Director-Finance & Co.Secretary and an Executive Director during 1999-2000	410000	408000	20500000
3.	No. (ii) of you, Subodh Bhandari Sr.Vice President and Director of Dalhousie Securities (no. (vi) of you) which in turn is a promoter of no. (vii) of you	131000	130300	6550000
	Total	**1141000**	**1135300**	**57050000**

From the above table it can be seen that No. (i), (ii) & (iii) of you i.e Shri. Sanjay Agarwal, Shri. Subodh Bhandari & Shri. N. S. Trivedi had in total applied for 11,41,000 shares of (vii) of you i.e HTL for Rs. 5,70,50,000/-and were allotted 11,35,300 shares which constitute 18.95% of the total offer for sale of the shares of No. (vii) of you.

9. It was found that application money for the applications in the name of (iii) of you i.e. N. S. Trivedi was given by (vii) of you through circuitous route of bank accounts. On November 05, 1999, an amount of Rs. 2,05,00,000 was transferred from the account of (vii) of you to the account of (vi) of you i.e Dalhousie Securities Ltd. and on the same day this amount was transferred to the account of Maniram Consultants Ltd. It was further seen that on the same day this amount was transferred from the account of Maniram Consultant Ltd. to the account of (iii) of you i.e Shri. N. S. Trivedi, and apparently this was given as the application money for the application made in the offer for sale of shares of (vii) of you by (iii) of you.

10. Further, an amount of Rs. 75,00,000/- was transferred from Komac Investments and Finance Pvt. Ltd. to the account of Maniram Consultants who in turn gave Rs. 65,50,000/- to (ii) of you i.e. Shri. Subhodh Bhandari on the same day i.e. November 06, 1999 apparently as application money for the application made in the offer for sale of shares of (vii) of you by (ii) of you.

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11. An amount of Rs. 1,20,12,000/- was transferred from the account of Maniram Consultants Ltd. to the account of (i) of you i.e. Shri. Sanjay Agarwal on November 19, 1999. As stated earlier, the proceeds of offer for sale were transferred from the account of EOIL through a circuitous route of bank account and out of these Rs. 10,29,00,000/- were transferred to the account of Maniram Consultants through accounts viz., Buyeverything.com to Hooghly Trading to Maniram Consultants on November 19, 1999.

12. The statement of the director of M/s R & D Consultants Ltd. who was registrar to the Offer for Sale of shares of (vii) of you has been recorded. In the said statement , it was stated that, *"In the Offer for Sale of shares, Eighty six (86) applications for 1000 share or more were received. Out of these applications, one application was rejected as the application was in the name of HUF. As per the request of the company Euro Asian Securities Ltd.(name changed to Home Trade Ltd.), for the remaining 85 applications, the shares allotted against these applications were hand-delivered to the company Euro Asian Securities Ltd. on November 13, 1999. We had prepared envelopes containing allotment advise and refund, if any, for these 85 applicants and these envelopes were handed over to the company Euro Asian Securities Ltd. The share certificates printed against these 85 applicants were also hand-delivered to the company Euro Asian Securities Ltd. separately at the same time. Shri. N. S. Trivedi, who was the secretary and director of the company Euro Asian Securities Ltd. and his one or two assistants had come to our office at Dalamal Towers, Nariman Point, Mumbai on November 13, 1999 and collected these envelopes for 85 applicants and share certificate printed against these 85 applicants from our office on November 13, 1999. Shri. Trivedi told us that, he will deliver the share certificate to the applicants and send the acknowledgement to us. After this, we had received acknowledgements for 46 applicants out of the aforesaid 85 applicants towards hand-delivery of share certificates from the company Euro Asian Securities Ltd. Copies of these letters with acknowledgement received from Euro Asian Securities Ltd. in respect to delivery of share of Euro Asian Securities Ltd. for 46 applicants have been furnished to SEBI.*
Later on during the month of January 2000 we received a request from the company Euro Asian Securities Ltd. for consolidation and issuing of Jumbo Certificates for shares allotted to nine applicants namely, Ketan Sheth (7,59,950 shares allotted) and his family/associate members namely, Kantilal K. Sheth(2,28,900 shares allotted), Harsha Sheth(1,99,000 shares allotted), Trupti Sheth(1,99,000 shares alootted), Amit Sheth(1,99,000 shares allotted), Nilesh Sheth(1,99,000 shares allotted), Jagruti Sheth(1,99,000 shares allotted), Bina Navneetbhai Sanghvi (1,99,000 shares allotted) and Tejal Navneetbhai Sanghvi (1,99,000 shares allotted). The company Euro Asian Securities Ltd. also submitted the share certificates in the name of aforesaid nine applicants printed in marketable lot for consolidation. On receipt of these certificates and request for consolidation, we had printed Jumbo Certificate for each of the aforesaid nine applicants separately and the certificates in marketable lot were cancelled. The Jumbo Certificates issued in the name of the aforesaid nine applicants were hand-delivered on February 04, 2000, to the authorised representative of the company, Euro Asian Securities Ltd., namely Shri. Raju, who used to come to our office regularly. We have submitted to SEBI the acknowledgement received from the company for receipt of Jumbo Share Certificates of Home Trade Ltd. for the aforesaid nine shareholders i.e. Shri. Ketan Sheth and his family members/associates."

13. An application was made in the offer for sale of shares of (vii) of you in the name of Lippo Properties Pvt. Ltd. for large quantity of shares. The details are as under:

Name of the Applicant	No. of Shares Applied	No. of Shares Allotted	Amount (Rs)
Lippo Properties Pvt. Ltd.	564000	561200	2,82,00,000/-

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In view of the application for large quantity in the name of Lippo Properties, enquiries were made with the applicant. With regard to the application in the offer for sale, Lippo Properties had submitted a copy of MOU and bank account statement for the relevant period. On perusal of the MOU it is seen that, Lippo Properties had entered into an agreement with Parakh Shares and Stock Broking Services Ltd. during October 1999 for financing an application in the offer for sale of shares of (vii) of you. The terms of the agreement were such that, Lippo Properties would finance the application for an amount of Rs. 2.82 crores in the offer for sale on behalf of Parakh Shares with an interest of 31% per annum. It was further stated in the MOU that shares of Zee telefilms Ltd. in the name of sister/associate firm of Parakh Shares would be kept with Lippo as security for this loan/finance. It was seen that, pursuant to this agreement, an application for an amount of Rs. 2.82 crores(5,64,000 shares) was made by Lippo Properties in the aforesaid offer for sale on behalf of Parakh Shares. After the issue was over, the shares allotted in the name of Lippo Properties pursuant to the aforesaid application was purchased back by Parakh Shares by making a payment of Rs. 2.82 Crores to Lippo Properties on November 19, 1999. Alongwith this repayment of principal amount, an interest of Rs. 3,90,000/- was also paid by Parakh Shares to Lippo Properties, which is also seen in the copy of bank account statement submitted by Lippo Properties. This amount paid to Lippo properties toward purchase of shares of no. (vii) of you had come from the proceeds of issue for offer for sale of shares of (vii) of you which was routed through several bank accounts in circuitous manner
ANNEXURE 2

14. Pursuant to the MOU with Parakh Shares and Stock Broking Services Ltd., Lippo Properties Pvt. Ltd. financed an application in the offer for sale of shares of (vii) of you for 5,64,000 shares amounting to Rs. 2.82 crores. These shares allotted in the name of Lippo Properties were purchased back by Parakh Shares at a pre-determined rate. This purchase was at a rate of Rs.50/- per share though the opening price since listing was hovering around Rs.250/- to Rs.270/- per share. The money was credited in the account of the seller around November 19, 1999. The sell price thus had no bearing with the market price. The money for the purchases had come from public issue proceeds. Investigations prima-facie also revealed that Parakh Shares and Stock broking Services Ltd. was an associate/group company of (vii) of you.

15. Shri. N. B. Shah, director of R & D Consultants Ltd. In his statement stated that, the shares allotted all the 85 applicants (which include Lippo Properties Pvt. Ltd.) who applied for 1000 shares or more have been hand-delivered to (iii) of you i.e. Shri. N. S. Trivedi of HTL. In view of this, it appeared that, the application in the Lippo Properties Pvt. Ltd. in the Offer for Sale of shares of (vii) of you during October 27-30,1999 was made on behalf of Parakh Shares, which is associated/connected with (vii) of you and your group companies. It also appears that, the shares allotted against this application were purchased back by the company at a pre-determined rate i.e. rate at which the offer was made Rs. 50/- per share. The purchase was immediately after listing and trading at the exchanges was permitted and was out of proceeds of public issue. The money has been credited in the account of the seller around November 19, 1999. It is pertinent to mention that the market price of the scrip was Rs.270/- per share when it was allowed to be traded. The sell price thus had no bearing with the market price.

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16. Further, apart from the aforesaid large applicants, there were several applicants who made applications in the offer for sale of the shares of (vii) of you with an arrangement that, the shares allotted against these applications would be purchased back by you all at a pre-determined rate i.e. rate at which shares were offered at Rs. 50/- per share. It also appeared that, on allotment the shares allotted against applications made by these applicants were purchased by you all through their associate companies Parakh Shares, AGS Financial Services and Maniram Consultants out of proceeds of the offer for sale, which was routed through a number of Bank Accounts in a circuitous manner. Details of the applicants who had sold the shares allotted to them pursuance to prior arrangement to Parakh shares at the rate of Rs.50/- per share when the market price was around Rs.250/- per share. Details are given in **(ANNEXURE 3 to 3C)**.

17. Funds were transferred by no. (viii) of you through Buyeverthing.Com and Tellme.Com and various entities to AGS Financial. This amount was used to purchase these shares from the allottees by routing the funds through various bank accounts of your related entities.. The details of the applicants who had sold the shares allotted to them pursuance to prior arrangement to AGS Financial Services Ltd. at the rate of Rs.50/- per share when the market price was around Rs.250/- per share. It is found that the funds were transferred by (viii) of you through Buyeverthing.Com and Tellme.Com and various entities to Maniram Consultants Ltd. This amount was used to purchase these shares from the allottees. Details of the applicants who had sold the shares allotted to them pursuance to prior arrangement to Maniram Consultants. at the rate of Rs.50/- per share when the market price was around Rs.250/- per share are as per. Details are given in **(ANNEXURE 3 to 3C)**.

18. From the above it can be seen that, (vii) of you and your directors/promoters purchased back shares allotted in the Offer for Sale during October 1999, through its associate/connected companies namely, Parakh Shares, (4,64,300 shares amounting to Rs. 2.34 crores), AGS Financial Services Ltd. (3,04,600 shares amounting to Rs. 1.43 crores) and through Maniram Consultants Ltd. (462400 shares amounting to Rs. 2.31 Crores) totaling to 12,31,300 shares. The purchase was immediately after listing and trading at the exchanges was permitted at the rate of Rs.50/- per share and the payment was out of proceeds of public issue. The money has been credited in the account of the seller around November 19, 1999. It is pertinent to mention that the market price at the exchange was Rs.270/- per share when it was allowed to be traded. The sell price thus had no bearing with the market price. These purchases constitute around 20.76%of the total offer for sale and around 5.13% of the post-issue paid-up equity shares capital of the company. This led to cornering a large portion of the floating stock in the scrip with (vii) of you and your No. (i), (ii), (iii),(iv), (v), (vi), (viii), (ix), (x) & (xi). Thus the offer of sale of shares of no. (vii) of you during October 27-30, 1999 did not receive genuine public subscription and over 89 % of the subscription was arranged by (vii) of you and your No. (i), (ii), (iii), (iv), (v), (vi), (viii), (ix), (x) & (xi).

19. The aforesaid applications were made with an arrangement to purchase back the shares allotted against these application at a pre-determined rate which was the rate at which the shares were offered which was Rs. 50/- per share (the shares were listed at a rate of Rs. 250/- on November 15, 1999). The purchase of the shares from the allottes was made by transferring the funds from No. (viii) of your account to various entities which were fronts/associated/ connected entities. Thus the offer for sale of 25% of the equity of (vii) of you to a set of entities as required under Securities Contract (Regulations) Act, 1956 was merely an eye wash and most of the persons to whom the shares were allotted were entities controlled / connected / front for / of you all. Further, the promoters i.e No. (i), (ii), (iii),

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(iv), (v), (vi), (viii), (ix), (x) & (xi) of you control around 97% of the equity of no. (vii) of you can hardly be stated as genuine shareholding with public. (xi) of you i.e. Euro Discover Technology Ventures Limited, (vi) of you i.e. Dalhousie Securities Limited acting in concert with (iv) of you i.e. Ketan Seth Group, Poddar Trading Company, Pacific Finance Limited, Maniram Consultants Limited, Hooghly Trading Limited, AGS Financial Services Limited, Parakh Shares and Stock Broking Services Limited acquired around 22% shares offered to public apart from 75% shareholding they held in (vii) of you. Shri. N. B. Shah, director of R & D Consultants Ltd., registrar to the Offer for Sale of no. (vii) of you stated that, the shares allotted to these applicants were hand-delivered by the registrar to (iii) of you.

20. Thus, over 53,45,650 shares out of total offer of 59,90,250 shares allotted were purchased back by (vii) of you through your associated/connected companies namely, Parakh Shares, AGS Financial services and Maniram Consultants Ltd. through the aforesaid arrangements, (vii) of you i.e. HTL and your No. (i), (ii), (iii), (iv), (v), (vi), (viii), (ix), (x) & (xi who are promoters/directors and associates had acquired about 89 % of the shares offered through offer for sale. In other words, 22% of the post-issue equity paid-up capital was acquired in addition to 75% of the holding already being with the promoters. Thus, No. (i), (ii), (iii), (iv), (v), (vi), (viii), (ix), (x) & (xi i.e. promoters had cornered 97% of the floating stock in the scrip of no. (vii) of you, immediately after listing, pursuant to arrangement between the said promoters and subscriber of the shares, facilitated manipulation of price of the scrip after listing on the exchange.

21. From the balance sheet of (vii) of you, it is noticed that 83.53% and 98.87% of your income was generated from gain on sale of investment in 1999-00 and 2000-2001 respectively. It was also observed that no. (vii) of you invested largely into your unlisted group companies like Buyeverything.com, Tellme.com, Ways India, etc. The profits shown by no. (vii) of you are basically from sale of investments in group companies. In the year 1999-2000 you sold all the shares of Tellme.Com India Ltd., Buyeverything.Com India Ltd. and 45 lacs shares of Ways India Ltd. to EDTV India Ltd. It showed a gain of Rs.12.14 crores on this sale. The purchasing entity is investment arm of (xi) of you which is a promoter entity of (vii) of you. In the year 2000-2001 it is observed that company sold 1.08 crore shares of Ways India Ltd. (55 lacs shares sub-divided into 2.75 crores shares of face value of Rs.2/-) to Hooghly Trading, Pacific Finance, Poddar Trading, Century Dealer and Dingo Vincom P. Ltd. at the rate of Rs.60/- per share. No. (vii) of you showed a gain of Rs.66.80 crore from this sale. Thus profits were shown to have been generated basically from the sale of investments in unlisted group companies to its associates/connected entities and (vii) of you did not have any operating income apart from sale of shares of group companies.

22. **Analysis of Trading Pattern in the scrip of (vii) of you.**

22.1 The scrip of (vii) of you i.e. HTL was listed at Pune and Bangalore Stock Exchanges. Analysis of price volume data revealed that the scrip was listed at the rate of Rs.250/- to Rs.270/- on November 15, 1999 and reached to Rs.310/- by November 30, 1999 within a span of nine trading days. Thereafter, the price continued to move up and reach to Rs.527/- by December 30, 1999 and Rs.736/- by January 31, 2000. Subsequently price continued to move up Rs.800/-by March 31, 2000. The scrip continued to move in the price range of around Rs.700/- to Rs.850/- during April 2000 to September 2000. The price of the scrip came down to Rs.605/- by October 6, 2000 and thereafter the sub-divided of shares of Rs.2/- were traded in the exchange. The price of the share with face value of Rs.2/- went upto Rs.160/- during February 2001 and the scrip continued to trade at around Rs.150/- till

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September 2001. Since October 2001 the scrip started moving downwards and reached to a price range of Rs.60/- - Rs.70/- during November 2001. Thereafter the scrip is being traded in the range of Rs.60/- to Rs.70/- till March 2002.

22.2 Analysis of Trading Details obtained from Pune Stock Exchange

From the trading details obtained from Pune Stock Exchange (PSE) it was seen that the gross purchase and sales in the scrip in PSE for the period November 15,1999 till March 31,2002 have been segregated into three different periods namely 1999-2000 (November 15,1999 till March 31,2000), 2000-2001 (April 1,2000 till March 31,2001) and 2001-2002 (April 1,2001 till December 31, 2002). It was observed during the course of investigation that a few members of the PSE had contributed to the majority of the volume in the scrips. The details of gross purchase and sales figure of these brokers are given in Tabular form at **ANNEXURE 4**.

23. From the details obtained from the broker Shoba Investments, it was noticed that during the period 1999-2000, the major clients of Shobha Investments who had dealt in this scrip are from Mumbai - M/s. Foresight Fragrance, Dinesh Jain, Hemlata Jain, Bharati Mehta, Naresh Mehta, Prabhavati Mehta, D. S. Investments, Jaganath Kabra, Vijay Chaprot, Navyodaya Agency, Channeleast Distributors, Arihant Enterpises, Porwal & Co. and Upendra Acharya. During the period St.No.1 of 2000 till St.54 of 2000, the main clients of the broker were Jagannath Rampal Kabra, Dinesh Kumar Jain, Hemlata Jain, Vijay Chaprot, DS Investments and Navoday Agencies. During the period St.No.1 of 2001 till 31st December 2001, the main clients were Arihant Enterprises, Foresight Fragnance, Vijay Chaprot, Channel East Distribution and Porwal and Co.

23.1 The broker stated that all these clients were Mumbai based and he never met or spoke to them. On behalf of all these clients one Shri Rajendra Veerkar used to place orders on behalf of these clients and all these clients were introduced by Veerkar, who was the employee of no. (vii) of you i.e. Home Trade Ltd. The broker also stated that Veerkar used to mention about price, quantity and in whose name the contract note / bills are to be prepared. Accordingly at the end of trading hours the broker used to fax the contract notes to Veerkar to the office of no. (vii) of you.

23.2 It was observed that the broker had done purchase transactions for some of the clients and no margin money/security was taken. On being asked about this the broker had stated that no. (iv) of you i.e. Shri Ketan Sheth introduced Veerkar to him and promised that there would be no problem in terms of delivery and payment. Accordingly he used to consider all these clients as a group and used to adjust debit balances against the credit balances and if any debit balance arose, it used to be paid by Veerkar. Hence, it is clear from the above that all the transactions were done on behalf of entities associated with/ controlled by (vii) of you.

23.3 In his statement recorded on 15th May 2002 and 6th June 2002, Shri Ajay Shah, Proprietor of Shoba Investments submitted that some time in October-November 1999, no. (iv) of you telephoned him and said that one Shri Veerkar from Mumbai would come and meet the broker. It has been stated that (iv) of you further submitted that some clients of Sh.Veerkar wanted to trade with the broker and also told Shri Ajay Shah that he could take guarantee of payment and delivery of shares of the clients of Sh.Veerkar. Accordingly, Shri Veerkar came to the office of Shoba Investments and finalized terms of

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brokerage etc. The broker submitted that none of these clients are based in Pune and he has never met these clients nor spoken to them. At the end of the day, the broker used to fax all the transactions, done on behalf of these clients, in the scrip of (vii) of you to Shri Veerkar. The clients had done initially some sale transactions and the proceeds were retained by the broker towards margins money/security deposit. Regarding deliveries, the broker submitted that he used to credit the demat account of the purchasing client (as per the DP ID mentioned in the client introduction form). In the same way, the client used to send the delivery from his/her demat account to the beneficiay account of the broker.

23.4 Porwal & Co. had traded in this scrip, as a client, in Bangalore Stock Exchange also. In his statement to SEBI, Shri Himmat singh Porwal submitted that he was introduced to no. (iii) of you i.e. Shri N S Trivedi through Sh.Rajendra Virkar and Sh.Rajeneesh Karanpuria who were working with no. (vii) of you i.e. HTL. No. (iii) of you told Sh.Porwal to buy and sell shares of no. (vii) of you at Bangalore stock exchange on behalf of no. (vii) of you and depending on the volume generated they will pay commission in the range of 0.20-0.25%. No. (iii) of you told Sh.Porwal that he needs to do the business in two three names. Accordingly Shri Porwal started buying and selling shares of no. (vii) of you at Bangalore Stock exchange in his name and in the name of Porwal & Co, and Sh.Vimal Mishra. The broker was short listed by Sh.Virkar/Sh.Rajneesh and Sh.Porwal had not met the broker. The broker had sent him the client introduction form and agreement at his office which he had filled and signed it and sent it back to the broker. Regarding placing of orders, Shri Porwal submitted that he used to place orders on behalf of Porwal group (including Sh.Vimal Mishra). Sh.Rajeesh used to call him at his Bombay office on a daily basis and used to give the quantum of orders and the broker to whom the orders have to be placed. Sh.Porwal would immediately call the office of these two brokers at Bangalore and used to place the order. As per Sh.Porwal's understanding with no. (iii) of you, the STD charges for calling Bangalore was reimbursed to Sh.Porwal in cash. Regarding payments on behalf of Porwal group, Sh Porwal used to receive funds from Maniram Consultants (a group company of (vii) of you), through Sh.Rajneesh/Sh.Virkar, after which he used to pay the Bangalore stock exchange broker. Similarly whenever payment is received from the Bangalore broker, Sh.Porwal used to deposit it in his account and immediately give a cheque to Rajneesh/Virkar drawn on Maniram Consultants. Hence, all the transactions of no. (vii) of you (in the name of Sh.Himmat Singh Porwal, Porwal and Company and Sh.Vimal Mishra) were funded by Maniram Consultants. Regarding deliveries on behalf of Porwal group, Sh.Porwal stated that he used to receive deliveries from Sh.Rajeesh/Sh.Virkar to be delivered to the member. Simiarly whenever deliveries are received from Bangalore brokers, he used to hand it over to Sh.Rajeesh/Sh.Virkar.

24. During the period 1999-2000, Yatin Shah & co. had done large transactions for certain clients like Maniram Consultancy, Porwal & co., Sandeep Kedia, no. (xi) of you, Discovery Investment, AGS Financial services Limited, Parakh Share & stock brokers Limited , Dingo Vincom Pvt. Limited, Century Dealers Limited, Giltedge Finance and Management Services Limited, Unitron Corporation Limited and for persons like no. (i) of you i.e. Shri Sanjay Agarwal, Manoj Shah, Surti family, Vijay Agarwal, Subhra Agarwal. During the period 1.4.2000 to 31.3.2001, the main clients of the broker during this period are Porwal and Company, Hans Capital & Leasing Pvt Ltd. and Maniram Consultants Investments Pvt Ltd. During the period 1.4.2001 to 31.12.200, the broker has purchased 60,300 and sold 56,100

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shares of No. (vii) of you. The main clients of the broker during this period are Hans Capital & Leasing, Sandeep Kumar Kedia, M.Chaturvedi and Vijay Aggarwal.

24.1 Out of these entities no. (xi) of you, Discovery Investment and Unitron Corporation Limited are OCBs having 5, Duke of Edinburgh Avenue. Port Louis Mauritius as their address. It may be noted here that no. (xi) of you is the promoter of no. (vii) of you and other 2 OCBs are its associates. As pointed out earlier AGS Financial Services and Parakh Share and Stockbrokers Ltd., are Calcutta based entities and are the associates of no. (vii) of you. It was found that that these companies never operated from the addresses provided by the broker. Dingo Vincom P. Ltd. is also an associate company of no. (vii) of you. Century Dealers Ltd. and Giltedge Finance and Management Services Limited are the entities belonging to no. (iv) of you Ketan Sheth.

24.2 The broker in his statement recorded on 16th May 2002 and 18th May 2002 submitted that Shri Veerkar introduced the client Maniram Consultancy Investments Pvt Ltd. No. (iii) of you used to place orders on behalf of Maniram Consultancy. The orders were received on fax from (iii) of you or your employees and the deliveries were given to the office representative of no. (vii) of you, who used to come to the office of the broker. Payments were received directly in the account of the broker at Mumbai or through DD received in Pune. Maniram Consultancy has dealt only in the scrip of no. (vii) of you and the broker is not aware as to who are the Directors of this client company.

24.3 Regarding Porwal and Company, the broker submitted that one Sh.Himmat Singh Porwal came to the office of the broker in December 1999 and told that he heard about the broker from the market and would like to trade in the scrip of no. (vii) of you through them. The broker then enquired about the client from the market and after receiving a cheque towards margin money, started dealing for this client. Porwal and Company had dealt only in the scrip of no. (vii) of you. Sh.Porwal used to place the orders and the deliveries were given to the client at Mumbai. Payments were received directly in the account of the broker at Mumbai or through DD received at Pune.

24.4 Regarding the client Sandeep Kedia, the broker submitted that this client was introduced by Sh.Veerkar and dealt only in the scrip of no. (vii) of you. The orders were placed by Sh.Veerkar or by Sh.Kedia. Deliveries were given to the office representative of no. (vii) of you at the office of the broker. Payments were received directly in the account of the broker at Mumbai or through DD received at Pune.

24.5 Regarding the client Hans Capital, the broker submitted that this client was introduced by Sh.Veerkar and dealt only in the scrip no. (vii) of you. The orders were placed by Sh.Veerkar. Payments and deliveries, on behalf of this client, were given to Sh.Veerkar, whenever he comes to the office of the broker at Pune. The broker received the payments, on behalf of this client, in his bank account at Janata Sahakar Bank, Fort, Mumbai branch. Regarding the client M.Chaturvedi, the broker submitted that this client was introduced by Sh.Veerkar and dealt only in the scrip of no. (vii) of you. The orders were placed by Sh.Veerkar. The client did only square-off transactions and hence there are no deliveries given or taken to/from the clients. Similarly, no payments were made or received to/from the clients.

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24.6 The broker submitted that except Sh.Porwal (of Porwal and Company), the broker has not met any of the clients. Regarding Veerkar, the broker submitted that the full name was Sh.Rajendra Veerkar and was introduced by no. (iv) of you i.e. Shri Ketan Sheth, Member, Pune Stock Exchange. One day, (iv) of you called the broker and said that Sh.Veerkar, an employee of no. (vii) of you will come and meet him for doing transactions in the scrip of (vii) of you in the name of the clients to be mentioned by Sh.Veerkar. Then at the meeting with Sh.Veerkar, the broker finalized the terms and conditions like brokerage, margin, deposit, etc.

24.7 Regarding clients viz. no. (xi) of you, Discovery Investments, AGS Financial Services Ltd., Parakh Shares & Stock Brokers Ltd., Dingo Vinicom Pvt Ltd., Century Dealers Ltd., Unitron Corporation Ltd., no. (i) of you, Manoj Shah, Surti family, Vijay Aggarwal, Subhra Aggarwal, the broker submitted that these clients were introduced by no. (iii) of you/no. (iv) of you/Rajendra Veerkar. The broker submitted that no. (iii) of you placed the orders on behalf of these clients and would arrange and make payments in the broker's account at Janata Sahakari Bank Ltd., whenever required. It may be mentioned here that out of the above clients, no. (i) of you is the Promoter and Mg.Director of no. (vii) of you i.e. HTL and Sh.Manoj Shah is a Director of (vii) of you.

24.8 The broker further submitted that no. (iv) of you assured him that there would be no problem regarding payment and delivery. The terms of brokerage, delivery, payment, etc. were finalized by the broker with Veerkar. The broker further submitted Sh.Veerkar informed that no. (iv) of you is his boss at no. (vii) of you i.e. HTL and suggested to the broker that he meet no. (iii) of you for developing his business of share transactions. Accordingly, the broker met no. (iii) of you at the office of no. (vii) at Vashi.

24.9 The broker submitted that he had not met any of these clients apart from Porwal nor does he have the client registration form of these people. Regarding the orders placed, the broker submitted that the timing, Price, quantity and in whose name the transactions are to be done were specified by Veerkar and accordingly used to do these transactions and send the contract notes to Veerkar no. (vii) of you in Vashi. Delivery for these transactions used to come from Veerkar and he used to send deliveries to Veerkar. In similar way, the broker submitted that, payment used to be made in his JSB Account, Fort branch by Veerkar and he had not issued cheques to them. It used to be sent to Veerkar. About Porwal & Co., he stated that all his transactions were done for Maniram Consulatancy. From the above mentioned details, it appears that entities associated with/controlled by no. (vii) of you had indulged in creating artificial volume and price rigging in the scrip of no. (vii) of you.

25. During 1999-2000, the main clients of Amin Mulani were Mumbai based viz. N.M. Investments, Chakeshwari Finance, Maniram Consultancy. From the details submitted by another broker Kabu Investment, it was observed that Amin Mulani had acted as the client to it and had done some transactions in the scrip of no. (vii) of you through it. During the period 1.4.2000 to 31.3.2001, the broker had dealt in this scrip on behalf of NM Investments (sub broker), Maniram Consultancy, Moez Balsara and Iqbal Kabani. Apart from this the broker has also dealt on his own account also. NM Investments is the sub broker of the broker and the Proprietor of NM Investments is Nizar Mulani, brother of Sh.Amin Mulani. The major clients of NM Investments are - Chakeshwari, SIMPS Developers Pvt Ltd., Giltedge, Maniram Consultancy, DTC Securities, Indira Mehta, Rajnish, Kirti Mehta and Ashish Shah.

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25.1 The broker in his statement recorded on 29th July 2002 submitted that one Mr.Chaitanya Parekh was working with him since a long time. He is related to no. (iv) of you i.e. Sh.Ketan Sheth (member of Pune Stock Exchange). Sh.Parekh introduced Sh.Amin Mulani to no. (iv) of you and you asked the broker whether he would deal in the scrip of no. (vii) of you. Subsequently, no. (iv) of you had sent Sh.Rajneesh and Sh.Veerkar and finalized the details regarding brokerage, payment and delivery. Shri Veerkar and Sh.Rajneesh also told that number of clients from Mumbai would be interested in buying and selling in the scrip of no. (vii) of you. and Sh.Rajneesh took the responsibility towards payment and delivery of shares. The orders were placed by Sh.Rajneesh/Sh.Veerkar. Few times the clients have also placed the orders directly. The payments received/made were by TT, DD or cheque and Sh.Rajneesh/Veerkar used to give or receive payments, on behalf of these clients. The broker submitted that he has never met any of these clients mentioned above.

26. Harish Kadam & Co. Securities P. Limited stated that all their trasactions were in the name of clients. The broker stated that no. (iv) of you had contacted him over telephone and informed him that Veerkar would get in touch with him and requested Shri Kadam to execute the orders placed by Veerkar. Accordingly, Veerkar got in touch with him and the terms of brokerage, payment and delivery terms were finalised on behalf of all Mumbai clients. The payment used to be received in the broking entities account in the Janata Sahakari Bank, Fort branch and Veerkar used to intimate Kadam about the payment made in that account. The broker also stated that delivery of shares were sent to the address given by Veerkar. Veerkar used to place order on behalf of clients namely Rajiv Mehta, Rekha Mehta, Mr. Modi etc.

From the statements of Kabu Investments, Trinity Investments, Shrine Investments, Jaganath Vinod Kumar, Kanchan Investments, and Pushpa Laxshmi, all members of PSE. It is seen that the following clients of these brokers, who dealt in the scrip of no. (vii) of you at Pune Stock Exchange were introduced by Shri Rajindra Veerkar. None of the brokers had met the clients or spoken to them. The client introduction forms and the margin money / deposit were arranged by Shri Veerkar. Shri Veerkar used to place the orders on behalf of these clients by mentioning the rate of the buy and sell order and the names of the clients in which these transactions have to be reflected. The contract notes issued in the name of these clients were either collected by Shri Veerkar or were sent to the office of no (vii) of you. Shri Veerkar coordinated the movement of funds on behalf of these clients.

Name of the broker	Name of the clients
Kabu Investments	Vishnu Kumar Savnani and Narendra Kumar Jain
Trinity Investments	SIMPS Developers, Lata K B, Anand Kshirsagar, Rambaba Holdings and Vishal N Shah
Shrine Investments	Andhare Vilas, Hemendra Paliwal, Hetal Paliwal and Setu Securities
Jaganath Vinod Kumar	Chinmoy Andhare, Nand Vijay Patil, Porwal & Co., Subhash Tulsiyan
Kanchan Investments	Kanchan Devi Sanghi,
Pushpalaxshmi	Yogesh Adap

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From the statements of Sharad B Shah, C R Kulkarni and Chirag Investments seen that the following clients who have dealt in the scrip of no. (vii) of you contacted the respective brokers directly and used to place the orders themselves. The contract notes were sent to these clients directly and the funds were received / paid from / to these clients directly by the broker.

Name of the broker	Name of the clients
Sharad B Shah	Sheo Shankar Pandey
C R Kulkarni	Sarika Botra
Chirag Investments	Rupa Devi Doogar

27. Shri Veerkar, in his statement to SEBI on submitted that Initially no. (i), (ii) & (iii) of you with the help of no. (iv) of you (broker of Pune Stock Exchange) introduced some brokers of Pune Stock Exchange to Sh.Veerkar. No. (i), (ii) & (iii) of you also gave them the name of some clients. Subsequently, they asked Sh.Veerkar to use this network and identify more brokers of Pune Stock Exchange. Sh.Veerkar and other employees of no. (vii) of you were asked in to bring in some more clients using their own contacts.

27.1 Daily, in the morning, no. (i), (ii) & (iii) of you used to give the details of orders to be placed (quantity and rate) and the name of the clients in whose name these trades have to be done and the name of the brokers through whom these trades have to be done. As an employee of no. (vii) of you, Sh.Veerkar used to place the orders as instructed by (no. (i), (ii) & (iii) of you. Some of these clients have used their own funds to meet the pay in liabilities and some of the clients were funded by no. (vii) of you (through Maniram Consultancy). As and when the clients require funds to meet their obligation to the broker, they would call up Sh.Veerkar who would in turn get in touch with one of the above mentioned Directors of no. (vii) of you. As and when the funds are arranged, Sh.Veerkar would be informed who would in turn make the payments directly to the brokers or to the clients as the case may be.

27.2 Shri Veerkar gave the details of the person who introduced the various clients in whose name the transactions were done in the scrip of no. (vii) of you:

Name of the client	Referred/introduced by
Jagannath Kabra	N.S.Trivedi/Sanjay Aggarwal
Porwal & Co.	Rajneesh Karanpuria, employee of (vii) of you.
Hemlata D Jain	Himmat Porwal of Porwal and Co.
Dinesh Jain	Himmat Porwal of Porwal and Co.
DS Investments	R&D Consultants, Registrar to the offer for sale of HTL
Navoday Agencies	Subodh Bhandari
Foresight Fragnance	Subodh Bhandari
Arihant Enterprise	Subodh Bhandari
Channel East Distribution	Subodh Bhandari
Sandeep Kedia	Sanjay Aggarwal/N.S.Trivedi
M.Chaturvedi	R&D Consultants
Hans Capital & Leasing	R&D Consultants
Vijay Aggarwal	Brother of no. (i) of you
Vishnukumar Savnani	Himamt Porwal
Narendra Kumar Jain	Himmat Porwal
SIMPS Developers	R&D Consultants
Rambhabha Holdings	R&D Consultants

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Latha KB	Rakesh Karanpuria (brother of Rajneesh)
Anand Kshirsagar	Rajendra Veerkar
Andhare Vilas	Rajendra Veerkar
Hemdra Paliwal	Rajneesh Karanpuria
Hetal Paliwal	Rajneesh Karanpuria
Anand Kshirsagar	Rajendra Veerkar
Chinmoy Andhare	Rajendra Veerkar
Nand Vijay Patil	Rajneesh Karanpuria
SIMPS Developers	R&D Consultancy
Maniram Consultancy	Associate of no. (vii) of you

27.3 Shri Veerkar further submitted that some time during mid 2001, he was asked to concentrate on web site of no. (vii) of you and not to concentrate on the trading at Pune Stock Exchange. However, he was told to bring in some more brokers because the existing brokers were not interested in dealing with no. (vii) of you. He was asked to take the help of Yatin Shah and no. (iv) of you i.e. Shri Ketan Sheth in identifying new brokers. Sh.Veerkar was also asked to keep on changing broker. Accordingly, with the help of Yatin shah and no. (iv) of you, sh.Veerkar identified new brokers of Pune Stock Exchange viz. Kanchan Investments, Chirag Investments, CR Kulkarni, Sharad Shah, Clever Investments and Pushpalaxmi C&C. On the instructions of no. (ii) of you i.e. Shri Subodh Bhandari, sh.Veerkar told these brokers that one Sh.Raju will call these brokers for trading in the scrip of no. (vii) of you and these brokers should do the trading in the name of the clients given by Sh.Raju and as per the orders of Sh.Raju. However, Sh.Veerkar submitted that he was not aware of the clients brought in by Raju nor has met him personally. Sh.Veerkar also submitted that he has not placed any orders for the clients brought in by Sh.Raju with these brokers. Sh.Raju used to call up Sh.Veerkar daily. Sh.Veerkar would then give the details of the orders to be placed for the day (as instructed by (no. (i), (ii) & (iii) of you) and take confirmation at the end of the day from Sh.Raju.

27.4 Shri Veerkar submitted that all the instructions pertaining to trading in the scrip of various clients through various Pune and Bangalore Stock Exchange Brokers (in the name of various clients) were given by no. (i), (ii) & (iii) of you. He merely used to execute the orders, as he was an employee of no. (vii) of you.

27.5 In his statement, under oath, to SEBI recorded on 1st April 2003, Sh.Raj Singhi from Kolkatta had stated that he met no. (ii) of you at Kolkatta and asked you for a job. No. (ii) of you in turn told Sh.Singhi to get in touch with Sh.Rajendra Veerkar (employee of no. (vii) of you). Sh.Veerkar informed Sh.Singhi he needs to arrange for a few clients to transact on their behalf in the scrip of no. (vii) of you. Any profit made in this transactions will be retained by Sh.Singhi and any loss will be compensated by no. (vii) of you. Sh.Singhi was also assured that the telephone expenses will also be reimbursed. Sh.Veerkar then introduced Sh.Singhi to some Pune Stock Exchange brokers and Sh.Rajneesh (another employee of no. (vii) of you). Sh. Rajneesh introduced Sh.Singhi to some Bangalore Stock Exchange Brokers. Subsequently, Sh.Singhi had transacted in the scrip of no. (vii) of you on behalf of Smt.Kanchan Devi Singhi (mother), Sh.Chattarmal Duggar (cousin brother), Smt.Rupa Devi Duggar (sister-in law), Sh.Mahendra Kumar Sancheti (brother-in-law), Smt.Pukhraj Devi Sancheti (sister), Sandeep Bothra (cousin brother), Santosh Devi Chindalia (friend's wife). Shri Singhi further submitted that he

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has met the Bangalore broker once. Sh.Singhi used to call up Sh.Rajneesh daily in the morning who used to specify the nature of the orders to be placed with Bangalore Stock Brokers viz. rate, quantity, whether to buy or sell etc. Accordingly, Sh.Singhi used to place the orders, on behalf of the above clients, over phone with the Bangalore brokers. Payments were made by the respective clients since no. (vii) of you had promised him that the money will be paid back to them. Sh.Singhi has submitted that he has not got the money back from no. (vii) of you and as a result of this he had incurred a loss of about 7-8 lakhs and has still got about 7-8 thousand shares of no. (vii) of you lying in various demat accounts. Shri Rajneesh Karanpuria, in his statement to SEBI on 28.1.2003, 31.3.2003 and 21.4.2003 confirmed the above facts stated by Sh.Raj Singhi.

Trading at Bangalore Stock Exchange

28. The scrip of no. (vii) of you was listed at a rate of Rs. 250/- on the opening day and there was a steep increase subsequently which led the scrip to reach the level of Rs. 895/- per share by March 2000. Majority of the buy as well as sell transactions done by the main brokers were on behalf of entities connected with no. (vii) of you. The brokers had stated that clients were introduced by the directors/employees of no. (vii) of you. The orders for buy as well as sell were placed by directors/employees. Likewise, delivery of shares, payment on behalf of these entities were done by directors/employees of no. (vii) of you. Brokers further stated that they never met or spoke to any of the clients in whose name trading were shown in their books and contract notes issued. Thus it appears that these transactions were done at the behest of no. (vii) of you and its promoters/directors/key management persons. The preliminary investigations brought out that trades were circular in nature and transactions were done with a view to create an artificial market. The trades were put at a price higher than the last traded price with a view to manipulate the price of the scrip. These manipulative trades led to artificially raising the price of the scrip to Rs.895/-.

29. Regarding trading at Bangalore Stock Exchange. The details of members and the major clients on whose behalf they have traded are described in tabular form at **ANNEXURE 5**. The description is based on the analysis of the details received from the brokers. The statements of the clients, Sh.Rajneesh Karanpuria (employee of no. (vii) of you) and Sh.Raj Singhi were recorded.

30. Shri Rajneesh Karanpuria, in his statement to SEBI on 28.1.2003, 31.3.2003 and 21.4.2003 submitted that no. (i) & (ii) of you told Sh.Rajneesh that initially they would be introducing him to some Bangalore Stock Exchange brokers and then subsequently he must go to Bangalore and arrange for more brokers and clients at Bangalore. No. (i) and (ii) of you also told him that he need to organize trading in the scrip of no. (vii) of you through these brokers/clients. No. (i) of you also told him that he should arrange the clients in such a way that they should be from places all over India. Accordingly, Sh.Rajneesh arranged for clients from places like Udaipur, Mandasur etc. No. (i) of you told Rajneesh that they would be paying a commission, of 0.1% of the turnover generated, to the clients.

30.1 On 16th November 1999, no. (ii) of you took Sh.Rajneesh to the office of First Securities Ltd., (Member Bangalore Stock Exchange) at Bangalore Stock Exchange. No. (ii) of you executed the first trade in Bangalore stock Exchange at the counter of First Securities Ltd. He then introduced Sh.Rajneesh to the officials of First Securities Ltd. and told them that Sh.Rajneesh will be coordinating with them for the trades in the scrip of no. (vii) of you at Bangalore Stock Exchange.

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30.2 No. (ii) of you then took Sh.Rajneesh to the office of another Bangalore Stock Exchange broker – ICDS Securities Ltd. at Bangalore Stock Exchange Ltd. and introduced him to the officials of ICDS Securities Ltd. No. (ii) of you then told Sh.Rajneesh that these two brokers will help him in identifying some more brokers of Bangalore Stock Exchange. No. (ii) of you also told Rajneesh that he need to identify some more brokers on his own also.

30.3 Then First Securities introduced Sh.Rajneesh to Sakurthi Finvest Pvt Ltd. and Swagath Securities Pvt Ltd. Sh.Rajneesh identified Dagaliya Consultants Pvt Ltd. through his own reference. ICDS Securities introduced Sh.Rajneesh to Gayathri Securities Ltd. Anorther Bangalore Broker - M's Securities - was brought in by Sh.Rakesh Karanpuria (brother of Sh.Rajneesh Karanpuria). Accordingly Sh.Rajneesh started trading in the scrip of no. (vii) of you through these brokers.

30.4 Sh.Rajneesh submitted that the following clients were identified by no. (i), (ii) & (iii) of you.

a) Modi family comprising of Chandrakant Ratilal Mody, Ajay Chandrakant Mody, Heta Ajay Modi, Arun Modi, Sh.Mehul Modi, Sh.Sudha Modi and Sh.Rahul Modi
b) Kiran Shah
c) Manish Shah
d) Sun Securities
e) Meena Sailesh
f) Sailesh P
g) Dharmesh Sheth
h) Axis Financial
i) Rambhabha Holdings
j) Sh.Santosh Chindaliya
k) Sh.Chhatarmal Dugar
l) Mahendra Kumar Sancheti
m) Pukhraj Devi Sancheti
n) Sh.Deepak Chhabria
o) Dhiren Champaklal
p) Saurabh Dani
q) Radhika Dani
r) DS Investments

Apart from this the following clients were brought in by Sh.Rajneesh/Sh.Rajendra Virkar and their contacts. The names of all these clients were shown to no. (i), (ii) & (iii) of you and they are aware of the names of these clients and gave their oral approval for these clients.

a) Prakash Patil
b) Porwal group (Himmat Singh Porwal and Vimal Mishra)
c) Taleshra family (Hemendra Taleshra, Pratibha Taleshra and Ashok Taleshra)
d) Uday Shetty
e) Prabhulal Paliwal
f) Manish Kumar (introduced by Sh.Prakash Patil)
g) Sh.Amit Porwal (introduced by Sh.Rakesh Karanpuria)
h) Sh.Mukesh Porwal (introduced by Sh.Rakesh Karanpuria)
i) Sh.Pradeep Porwal (introduced by Sh.Rakesh Karanpuria)
j) Smt.Priyadarshini Bhati (introduced by Sh.Rakesh Karanpuria)
k) Smt.Chandra Porwal (introduced by Sh.Rakesh Karanpuria)
l) Sh.Shahid Gori (introduced by Sh.Rakesh Karanpuria)

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m) Sh.Lata KB
n) Ms.Sharmila Bachawat

None of these clients have met these brokers personally except for Sh.Rakesh Karanpuria, Shri Manish Shah and Sh.Himmat Porwal.

30.5 No. (i) & (ii) of you told Sh.Rajneesh to initially generate a volume of 2000 to 3000 shares a day at Bangalore Stock Exchange. The rates were given by no. (i) of you early morning every day. Initially they were trading in the name of few clients (brought in by no. (i), (ii) & (iii) of you) and Sh.Rajneesh used to place the orders, from the office of no. (vii) of you at Vashi, for buying and selling of shares of no. (vii) of you. Then no. (i), (ii) & (iii) of you started insisting Sh.Rajneesh that he bring in more clients, which he did. As and when the number of client's increased, no. (i), (ii) & (iii) of you told Sh.Rajneesh that he should ask the clients to place orders directly with the brokers. For the clients who were not capable of placing orders, Sh.Rajneesh used to place the orders. Accordingly, the clients Sh.Himmat Singh Porwal and Sh.Rakesh Karanpuria and Sh.Kiran Shah/Manish Shah and Sun Securities used to place the orders directly with the brokers.

30.6 Sh.Rajneesh submitted that some of the clients had deployed their own funds. For clients who were not in a position to fund their transactions, they used to call Sh.Rajneesh or Sh.Virkar at the office of no. (vii) of you. Then they used to coordinate with (ii) & (iii) of you and arrange for funds. After that they used to send DD/Cheque to the clients who in turn would make the payment to the brokers. These funds were given to the clients as loans. No interest was charged on these loans. The funds were paid from Maniram Consultancy (no. (iii) of you is a Director of Maniram Consultancy and he used to sign the cheques). However, Sh.Rajneesh submitted that he was not aware from where the funds were arranged by Maniram Consultancy. No. (vii) of you had granted major loans to Sh.Himmat Singh Porwal, Sh. Rakesh Karanpuria (on behalf of Chandra Porwal and other clients from Udaipur) and Sh.Manish Shah, Kiran Shah and Sun Securities. As and when the clients received the payment from the brokers, they used to send payment to the office of no. (vii) of you i.e. HTL by way of DD/Cheque in the name of Maniram Consultancy. The payments were received by Sh.Rajneesh/Sh.Virkar at the office of No. (vii) of you and was deposited in the account of Maniram Consultancy.

30.7 Regarding deliveries, Sh.Rajneesh submitted that the delivery based transactions in Bangalore Stock exchange was not much. Initially, he used to tell no. (iii) of you and Sh.Virkar about the number of shares to be sent to the brokers for pay-in at Bangalore Stock Exchange. Then no. (iii) of you used to direct somebody to send the shares to the brokers. Sh.Rajneesh submitted that he was not aware of the source of these shares arranged by no. (iii) of you. Then whenever they needed deliveries, they used to tell R&D Consultancy, who then used to send it to their office through a peon. Then Sh. Rajneesh forwarded it to the respective clients. Regarding client introduction forms and member-constituent agreement, the broker used to send the forms to the clients and the clients filled these forms and send it back to the brokers. Sh.Rajneesh was involved only initially when there were few clients when he asked the broker to send the forms to the clients and ensure that they had send it back to the brokers. Regarding contract notes, initially, when there were few clients, Sh.Rajneesh used to receive the contract notes from some broker sometimes at the address of no. (vii) of you. Subsequently, the broker started sending the contract notes directly to the clients. Sh.Rajneesh also submitted that some of the clients have received the commission as promised by no. (i), (ii) & (iii) of you.

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31. Sh.Rakesh Karanpuria, in his statement to SEBI on 27th January 2003, confirmed that he had traded in the scrip of no. (vii) of you in the name of Priyadarshini Bhati, Shahid Gori, Amit Porwal, Mukesh Porwal, Pradeep Porwal, Chandra Porwal, Latha KB and Sharmila Bachawat. Sh.Rakesh submitted that he was introduced to no. (ii) of you by his brother Sh.Rajneesh Karanpuria. No. (ii) of you told Rakesh to look for various clients in whose name trading has to be done in the scrip of no. (vii) of you i.e. HTL. No. (ii) of you told Rakesh that he will be paid 0.1% commission on the turnover generated by him. The initial security deposit/margin money paid by Rakesh to various Bangalore stock exchange brokers were arranged by no. (ii) of you. The details of the orders were given by Sh.Rajneesh/Veerkar daily and Sh.Rakesh in turn used to place the orders with various Bangalore Stock exchange brokers in the name of these clients. None of the clients have met or spoken to the broker. The funds for the pay-in were given by no. (vii) of you (through Maniram Consultancy) and similarly the funds received from the broker were given back to (vii) of you (through Maniram Consultancy). Sh.Rakesh used the bank accounts of his relatives Ms.Rachna Singhatwadia and Chandra Porwal to route these payments from/to Maniram Consultancy.

Transactions of OCBs

32. From the documents submitted by the brokers mentioned at Para 43.3 it was also observed that there were a large number of off market transactions between OCBs namely no. (xi) of you and Discovery investment and associates of no. (vii) of you like AGS Financial services , Maniram Consultancy etc. through Yatin Shah & Co. It is stated that on behalf of all these entities No. (iii) of you used to place orders on behalf of all these clients. Details about these off market transactions are given in Tabular form at **ANNEXURE 6**

33. It can be seen from the table at **ANNEXURE 6** that through Yatin Shah 33,67,900 shares of no. (vii) of you were traded in the off market. In Pune stock exchange Yatin Shah & Co. had a gross purchase position of 196000 shares and gross sale position of 2,09,000 shares in the entitre 1999-2002 period which signifies that the off market transactions done by this broker in the scrip was much higher than the transactions done by him in Pune Stock Exchange. In fact the total volume in the scrip of no. (vii) of you in Pune Stock Exchange in 1999-2002 period was to the tune of 14,00,000 shares and the off market transactions done through Yatin Shash & co. was 2.5 times higher in terms of volume. The broker in his statement has stated that "When ever off market transactions were to be done, no. (ii), (iii) and employees of no. (vii) of you used to call him up and used to tell him that the sell/ buy transactions was to be done at the closing rate/average rate for that day in Pune stock Exchange. For all these transactions they used to specify, the name of the seller and also the name of the buyer. Accordingly they used to send fax the order form mentioning the names of buyer and a separate order form for the seller. As per this order form he used to prepare the contract notes and bills and hand it over to a person named Raju, a no. (vii) of you employee in Pune." In addition to the above about the delivery position, the broker has stated "In some cases when actually delivery used to be routed through him, Raju used to bring these deliveries to him from no. (vii) of you and he used to send these deliveries to no. (vii) of your office at vashi via courier and he did not maintain any copy for these delivery challans. However, on many occasions for such transactions, the delivery was not routed through him. On such cases one Rajesh /Damodar employees of no. (vii) of you called him up and told me that the delivery part has been adjusted internally."

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34. From the information provided by the broker it is seen that the volume of shares transacted off market transactions were much higher than the market transactions and also that orders specifying quantity, price (average or closing price) and the names of the buyer and seller used to be specified by no. (ii) & (iii) of you who are key personnel of no. (vii) of you and also that on many occasions deliveries were not routed through the broker. Thus these transactions were not genuine and prima facie it appears that these transactions were done for transfer of funds from one entity to another entity. As the OCBs were the majority sellers in such transactions, these transactions were done to siphon out money from India. It was mentioned that for the off market transactions in which Discover Investments, EDTV were sellers, the buyers were associates of no. (vii) of you like AGS Financial services, Maniram Consultancy, Parakh Share & Stock Brokers etc. Further analysis of the source of funds of these purchasers were done based on their bank accounts details and it was observed that on many occasions the funds had come actually from no. (iv) of you or no. (vii) of you itself. Details of such fund flows are given in Tabular form at **ANNEXURE 7.**

35. It has already been mentioned above that in the off market transactions, the buyers were entities associated with no. (vii) of you. However it appears that the source of funds to these entities for these purchase transactions were mostly no (vii) itself or no. (iv) of you after routing the funds through more than one accounts. It was observed that no. (xi) of you and Discovery investments Limited had done large off market transactions in the scrip of no. (vii) of you. Both these entities are OCBs. Further, from the prospectus for offer for sale, the following OCBs Unitron Corporation Limited, Path finder Investments Limited and no. (x) of you i.e. Euro Allied Limited were shown as the associates of no. (vii) of you.

36. Among these five OCBs four OCBs other than Unitron Corporation limited have shown 5, Duke Edinburgh Avenue, P. O. Box 627 , Port Louis, Mauritius. Unitron has shown its address as Las Cascades Bldg. 5th Floor, Edith cavell street, Port louis, Mauritius. As mentioned earlier, no. (xi) of you is the promoter of no. (vii) of you. Further it has been observed that in 1998 there was a change in the shareholding of Euro Asian Securities Limited (then known as Lloyds Brokerage Limited). An OCB by the name of S .N. Investments had purchased 75% stake in the company from the existing shareholders. From the Over seas Auditor's Certificate (OAC), it appears that one Dhananjay agarwal was holding 99% in S. N. Investments. In 1999 S. N. Investments name was changed to Euro Offshore Investments Limited i.e. no (viii) of you and further the name was changed to EDTV.

37. Details like A/c opening form, copy of bank statement for the period April 1,1999 till April 30,2002, details about power of attorney holders for these accounts, OAC for each year from 1999 onwards, soft copy of transaction details and demat statement were sought from the Authorised Dealers of these five OCBs namely Indus Ind bank and Hongkong Bank and HDFC Bank. From the details submitted by Indus Ind Bank, it is observed that the account of no. (xi) of you in India used to be operated by no. (i) & (iii) of you. However, photograph of no. (iv) of you was also there in the form. Further, it was observed that on November 19, 1999 the proceeds of offer for sale of 59,90,000 shares i.e. Rs. 29.90 crores were creidted to the account of no. (xi) of you and on the same day a FCNR deposit for the amount $ 67 million was made. Keeping a lien on this FCNR account, two Indian entities and associates of no. (vii) of you namely Tell me .com and Buy every thing .com took loan worth Rs. 29 crores from Indus Ind Bank. No. (iv) of you i.e. Ketan Sheth introduced these two OCBs to Indus Ind bank. Subsequently, Rs. 25 crores were with drawn from the FCNR account of no. (xi) of you and were transferred to the accounts of Tell me.com (Rs. 5 crores) and Buy

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every thing .com (Rs. 10 crores) and Ways India limited (Rs. 10 crores) ostensibly to take stake in these companies.

38. Indus Ind Bank has provided SEBI with the OAC of no. (xi) of you for the period 1998 and has stated that it did not have the OACs of no. (xi) of you for the remaining period. From the OAC of 1998, it is found that one Dhananjay Agarwal was holding 99.99% stake in no. (xi) of you. However, from the prospectus of offer for sale of Euro Asian Securities Limited, it is seen that in no. (xi) of you the majority shareholders are Discover Investments (48%), Pathfinder Investments (38%) and Dhananjay Agarwal (13%) which means there was a change in the share holding of no. (xi) of you in 1999.

39. From the transaction details of no. (xi) of you it is observed that no. xi purchased 1.65 lacs shares of no. (vii) of you worth 1.93 crores and sold 51,300 shares worth Rs. 4.36 crores through Yatin Shah & Co. All these transactions were off market ones and counter parties were AGS Financials, Maniram Consultancy, Parakh Share & stock Brokers, Dingo Vincom etc., associates of no. (vii) of you. The broker stated that no. (iii) of you had placed the orders specifying quantity, the buyer a well as seller's names, price (average or closing price in Pune stock Exchange) and the broker used to prepare the contract note accordingly and hand over the contract notes to an employee of no. (vii) of you. For the purchase of 1.65 lacs shares by no. (xi) of you, the shares were not routed through the broker and no. (iii) of you informed him that the delivery has been adjusted internally. It has been mentioned above that the source of funds for the buyers in most of the cases were no. (iv) of you or no. (vii) of you itself.

40. It is observed from the bank statement and OACs for the years 1999-2001 pertaining to Discover Investments that in the said period Dhananjay Agarwal was holding 99.9% stake in Discovery investments. From the documents submitted by HSBC, it is observed that in 1994 when the account was opened in the name of Lloyds securities Overseas Limited, the contact person was no. (i) of you. In 1998 the company's name was changed to Discover Investment and no. (i) of you was made the authorised signatory. In 1999, No. (iii) of you was also made the authorised signatory on behalf of Discover Investment. In 2001 no. (iv) of you was also made an authorised signatory. From the details received from the Pune broker, Yatin Shah & Co., it is observed that Discover Investments had sold 30,81,600 shares of no. (vii) of you amounting to the tune of Rs. 58 crores during the period June 2000 till December 2001 through Yatin Shah & co. All these transactions were off market and purchasers for the shares sold by Discover was Maniram Consultancy, AGS Financials, Parakh Shares & stock brokers etc, the associates of no. (vii) of you. Further, about these transactions the broker stated that "When ever off market transactions were to be done, no. (ii) & (iii) of you, used to call me up and used to tell me that the sell/ buy transactions were to be done at the closing rate/average rate for that day in Pune stock Exchange. For all these transactions they used to specify, the name of the seller and also the name of the buyer. Accordingly they used to send fax the order form mentioning the names of buyer and a separate order form for the seller. As per this order form he used to prepare the contract notes and bills and hand it over to a person named Raju, an employee of no. (vii) of you in Pune." The broker also stated that on many occasions the delivery was not routed through him and employees of no. (vii) of you informed him that the delivery was adjusted internally. The fund flow analysis of these transactions also shows that on most of the occasions the purchaser was paid back by no. (iv) of you or no. (vii) of you itself.

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41. Further, It was alleged that the shares of no. (vii) of you were pledged with Bank for obtaining finance/loan/advance. Shree Sadguru Jangji Maharaj Sahakari Bank Ltd., Chinchwad furnished a letter dated February 11, 2002 of no. (vii) of you written to the bank. It appears that, no. (vii) of you had an outstanding payment due to the bank for an amount of Rs. 45/- crores against sale of securities. In connections with this transactions, no. (vii) of you had given 74,09,100 equity shares of your own shares of Rs. 2/- each for which it was stated in the letter that the market value was Rs. 50 crores. It was stated that, these shares were given as collateral security against the amount due to the bank. Shares given as security to the bank by no. (vii) of you were in the names of Parakh Shares and Stock Broking Services Ltd. and Maniram Consultants Ltd.

    From the letter of Bank of Rajasthan it was seen that, 4,48,000 shares of no. (vii) of you i.e. HTL. in the name of no. (i) & (iii) of you were pledged with the bank on February 28, 2002 as collateral security to secure short term loan of Rs. 2 crores sanctioned to M/s Ways India Ltd. Investigations revealed that, Ways India Ltd. was an associated company of no. (vii) of you. and the aforesaid persons i.e no. (i) & (iii) of you were directors in no. (vii) of you as well as Ways India Ltd.

    It is prima-facie revealed that, no (vii) of you and your promoters/directors/key management persons together cornered over 95% of the total floating tock in the scrip during the Offer for Sale of shares and subsequently transacted in the scrip with a view to establish an artificial market for the scrip and manipulate the price of the scrip. It also appears that, with the aforesaid transactions the promoters/directors/key management persons were instrumental in establishing an artificial price and volumes in the scrip of no. (vii) of you with the intention to pledge those shares in the name of promoters/directors and associate/connected companies of no. (vii) of you with banks, with a view to receive funds/money from these banks.

42. Taking all factors into consideration, it is seen that no. (i) to (xxiii) of you including the promoter/directors of no. (vii) of you had got the offer for sale fraudulently subscribed. The applicants were planted by you'll and the allotted shares were purchased back from these applicants using the proceeds of the offer for sale. For majority of the applicants the funds were provided by no. (vii) of you itself through your front/fictitious entities and for those applicants who had used their own funds in the offer for sale, considerable amount of return were assured and given by no. (vii) of you. It was clear, that the public share holding was less than 25% as required under Section 19 (2) (b) of SCRA.

43. Subsequently, the shares were listed in Pune and Bangalore Stock Exchange and the price of the scrip was jacked up artificially to unrealistic levels. For this purchase, no. (i) to (xxiii) of you including the Promoters/Directors had brought in clients in whose name trading were done. You have asked your employees viz. Sh.Rajneesh and Sh.Veerkar to bring in more clients in whose name trading were done at Pune and Bangalore in the scrip of no. (vii) of you. The orders, on behalf of most of the clients were placed by no. (iv) of you/Sh.Rajneesh Karanpuria/Sh.Rajendra Veerkar The transactions done in the name of most of these clients were funded by no. (vii) of you, mostly through Maniram Consultancy. Similarly deliveries were arranged by no. (vii) of you i.e. HTL on behalf of these clients. The price of the scrip was taken up to unrealistically high levels by placing orders at high levels by no. (vii) of you in the name of these clients.

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अनुवर्ती :
Continuation:

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange Board of India

44. Thus no. (i) to (xxiii) of you i.e. including the Promoters/Directors of no. (vii) of you i.e. Home Trade Limited violated Regulation 3, 4(a), (b), (c), (d) and 6(a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995. You are hereby asked to Show Cause as to why action in terms of Regulation 11 of the said Regulations read with Section 11 and 11B of SEBI Act, 1992 debarring you from accessing and dealing in Securities market for a period of 10 years should not be taken against you.

45. You may send your reply within 15 days from the receipt of this Show Cause notice failing which it will be presumed that you have no explanation to offer and SEBI will proceed with the matter accordingly.

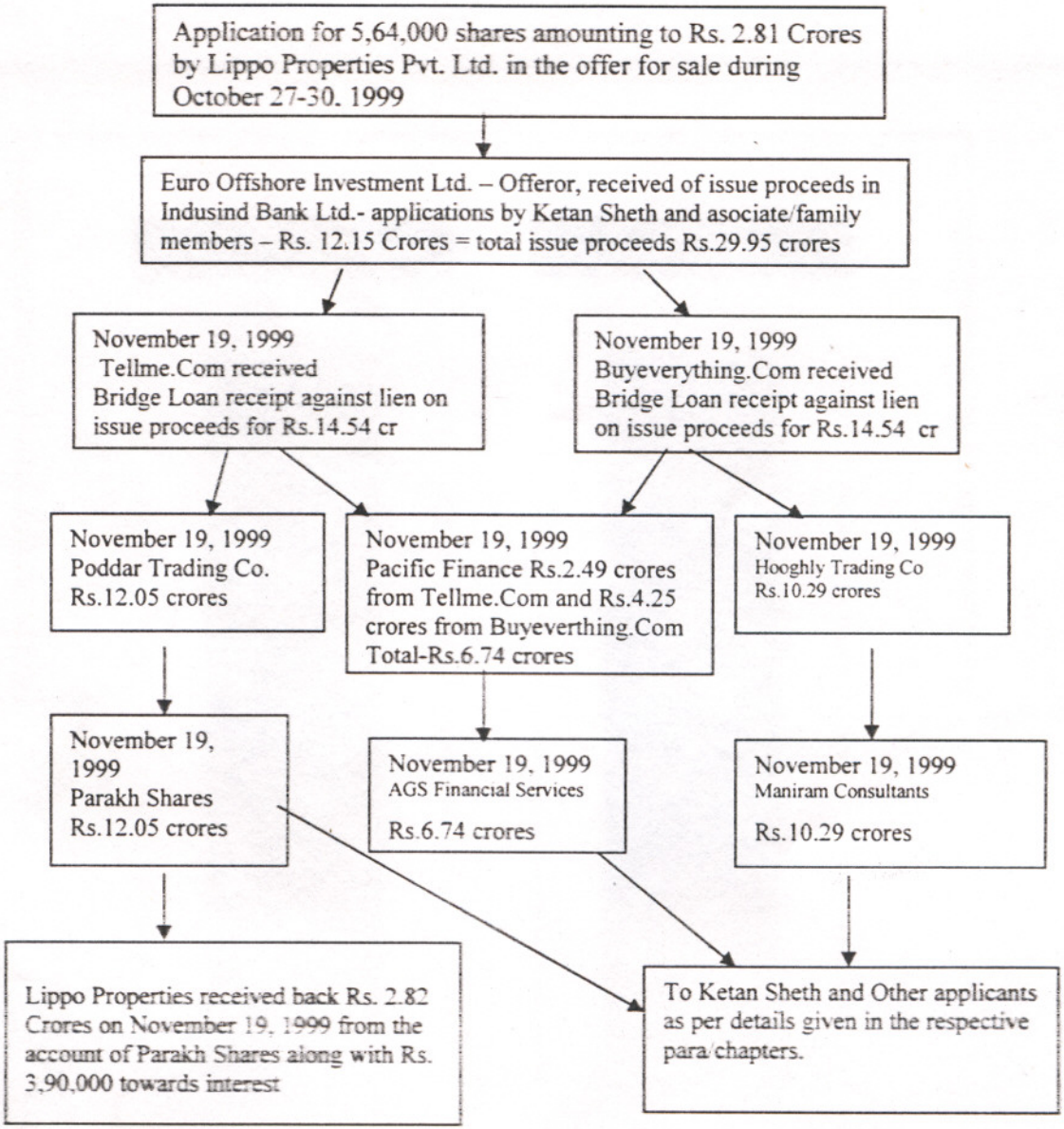
Yours Faithfully,

S Ravindran
1/4/04.

Annexure 1

Sr. No.	Name of the applicant	Address (as per allotment registrar)	No. of shares Applied for	No. of Shares allotted	Amount (Rs)
1	Ketan Sheth (No. (Iv) Of You)	103 Liberty Apartment, 80-A Sarojini Road(B/H Mc Donald's),Vile Parle (W), Mumbai 400056	800000	795950	4000000
2	Kantilal K Sheth Nila K Sheth	103 Liberty Apts, 80-A Sarojini Road Behind Me Donald, Vile Parle (W) Mumbai 400056	230000	228900	1150000
3	Tejal Navneetbhai Sanghvi Bina N Sanghvi	103 Liberty Appartment , 80-A Sarojini Road (B/H Mc Donald's), Vile Parle (W), Mumbai 400056	200000	199000	1000000
4	Nilesh Sheth Harsha Sheth	103 Liberty Apartment 81-A Sarojini Road behind Mc Donald's Vile Parle (W), Mumbai 400056	200000	199000	1000000
5	Trupti Sheth Amit Sheth	103 Liberty Apartment 80-A Sarojini Road behind Mc Donald's Vile Parle (W), Mumbai 400056	200000	199000	1000000
6	Amit Sheth Trupti Sheth	103 Liberty Apartment 80-A Sarojini Road behind Mc Donald's Vile Parle (W), Mumbai 400056	200000	199000	1000000
7	Bina Navneetbhai Sanghvi Tejal Navneetbhai Sanghavi	103 Liberty Apartment , 80-A Sarojini Road B/H Mc Donald's, Vile Parle (W), Mumbai 400056	200000	199000	1000000
8	Jagruti Sheth Ketan Sheth (No. (Iv) Of You)	103 Liberty Apartment , 80-A Sarojini Road (B/H Mc Donald's) Vile Parle (W), Mumbai 400056	200000	199000	1000000
9	Harsha Sheth Nilesh Sheth	103 Liberty Apartment , 80-A Sarojini Road (B/H Mc Donald), Vile Parle (W), Mumbai 400056	200000	199000	1000000
		Total	**24,30,000**	**24,17,850**	**12,15,00,000**

Annexure 2


Application for 5,64,000 shares amounting to Rs. 2.81 Crores by Lippo Properties Pvt. Ltd. in the offer for sale during October 27-30. 1999
Euro Offshore Investment Ltd. – Offeror, received of issue proceeds in Indusind Bank Ltd.- applications by Ketan Sheth and asociate/family members – Rs. 12.15 Crores = total issue proceeds Rs.29.95 crores
November 19, 1999 Tellme.Com received Bridge Loan receipt against lien on issue proceeds for Rs.14.54 cr
November 19, 1999 Buyeverything.Com received Bridge Loan receipt against lien on issue proceeds for Rs.14.54 cr
November 19, 1999 Poddar Trading Co. Rs.12.05 crores
November 19, 1999 Pacific Finance Rs.2.49 crores from Tellme.Com and Rs.4.25 crores from Buyeverthing.Com Total-Rs.6.74 crores
November 19, 1999 Hooghly Trading Co Rs.10.29 crores
November 19, 1999 Parakh Shares Rs.12.05 crores
November 19, 1999 AGS Financial Services Rs.6.74 crores
November 19, 1999 Maniram Consultants Rs.10.29 crores
Lippo Properties received back Rs. 2.82 Crores on November 19, 1999 from the account of Parakh Shares along with Rs. 3,90,000 towards interest
To Ketan Sheth and Other applicants as per details given in the respective para/chapters.

Annexure 3

Table 1 shares purchased back from the account of Parakh Shares			
Name of the applicant	**No. of shares applied for**	**No. of Shares Allotted**	**Amount Refunded**
Komac Investment	100000	99500	5042315
Rupa Dilip Gosalia	14000	13900	695000
Raj Daryani	8000	8000	407001
Nayan N. Shah	40000	39800	2011156
N. R. Muchala	6000	6000	305100
Anjanli Chandiramani	2500	2500	127188
Aruna Manubhai Trivedi	1500	1500	76010
Dharmesh B. Mehta	6000	6000	305100
Jayesh S. Bakhai	50000	49800	2523658
B. J. Shukla	7000	7000	354488
Praful P. Mithwani	6000	6000	304039
Gulab Chandiramani	4000	4000	203500
B. B. Desai	10000	10000	508750
Priti Sanghvi	4000	4000	203334
Rekha Mehta	1000	1000	50875
Bakul M. Mehta	1500	1500	76250
Panna H. Batavia	18000	17900	907117
Renu M.Motiani	10000	10000	508078
Rahul B. Dedhia	20000	19900	1011668
Parimal C. Parekh	30000	29900	1495000
Manish Bakhai	14000	13900	703975
Darias Nariman Sethna	6000	6000	300000
Mukesh B. Sanghnani	3000	3000	152743
Aruna M. Sanghnani	5000	5000	254572
Bhikubhai R. Sanghnani	4000	4000	203658
Mangula B. Sanghnani	4000	4000	203658
Ashok Keshavlal Javeri	10000	10000	509114
Kriti P. Mehta	1400	1400	71280
Niti S. Shah	900	900	45823
Asha S. Shah	4000	4000	203658
Rukhiben K. Mehta	6000	6000	305480
Kuber Capital	2000	2000	101603
Pragna K. Mehta	600	600	30000
Malini J. Shah	900	900	45823
Mukund C. Doshi	2000	2000	101829
Babita Agarwal	200	200	10219
Bhagwan S. Sharma	500	500	25547
Bhupendra Kumar Jain	10000	10000	511412
Jitendra Kumar Jain	20000	19900	1017823
Madheo Singh	400	400	20437
Mahaveer Sharma	500	500	25547
Aniket Mangal	600	600	30656
Anjali Kumar Baheti	4000	4000	204374
Anil Mongal	200	200	10219

Sanjay Mongal	600	600	30654
Mahendra Kumar	500	500	25547
Mamata Mangal	1000	1000	51094
Nepear Disuja	400	400	20437
Nikita Mongal	700	700	35766
Poonji Mongal	600	600	30656
Pramod Jain	800	800	40875
Rajendra Kumar Jain	20000	19900	1017823
Total	**464300**	**462700**	**23457929**

Annexure 3A

Table 2 Shares Purchased back from the account of AGS Financial Services Ltd.			
Name of the applicant	**No. of shares applied for**	**No. of Shares allotted**	**Amount Refunded**
Sangram Shah	200000	199000	10098093
Sanjay R. Mulchandani	4000	4000	203334
Sarala Gandhi	4500	4500	228750
Shyam Chandiramani	4000	4000	203500
Siddarath Sanghvi	30000	29900	1520003
Sunita Motiani	10000	10000	508078
Trilok P. Motiani	30000	29900	1519233
Sonal J. Bhakari	2000	2000	101282
Sushila Bhavnani	3000	3000	152625
Satyanarayan Parekh	900	900	46884
Subhas Mangal	1000	1000	52094
Sudirkumar Gungwal	6000	6000	312562
V. B. Agarwal	10000	10000	520936
Vinod K. Sharma	400	400	20837
Total	**305800**	**304600**	**15488211**

Annexure 3B

Table 3 Shares Purchased back from the account of Maniram Consultants Ltd.			
Name of the applicant	**No. of shares applied for**	**No. of Shares Allotted**	**Amount Refunded**
Apoorva L. Sanghvi	140000	139900	6965000
Amol Financial Services P. Ltd.	100000	99500	4975000
Nikko Capital Market	8000	8000	384303
M.M. Trivedi	2500	2500	125000
Kiran Daryanani	6000	6000	300000

Alka Virani	20000	19900	1009809
Anil M. Virani	20000	19900	995000
Dadia Fin. Stock	20000	19900	1012502
Arti A. Virani	20000	19900	995000
Gamataka B. Sheth	50000	49800	2523658
Labubhai V. Sanghvi	3500	3500	177917
Bakal M. Mehta	5500	5500	279813
Muktaben S. Sanghvi	500	500	25000
DTC Securities Ltd.	20000	19900	995000
Ganapati Creative P. Ltd.	30000	29900	1495000
Subhash Gangwal	18000	17800	915541
Total	**464000**	**462400**	**23173543**

Annexure 3C

Particulars	**No. of Shares applied**	**No. of Shares Allotted**	**Amount (Rs)**	**% of offer for sale to No. of shares applied**	**% of Post-Issue Capital**
Application by Ketan Sheth and associate/family members with an arrangement for buy-back of shares	2430000	2417850	121500000	40.56	10.09
Application by directors/key Management persons/promoters	1141000	1135300	57050000	19.04	4.74
Application in the name of Lippo Properties and other major applicants with an arrangement to buy-back the shares	564000	561200	28200000	9.41	2.34
Application in the name of other major applicants with an arrangement to buy-back the shares	1234100	1231300	62119683	20.60	5.13
Total	**5369100**	**5345650**	**268869683**	**89.63**	**22.30**

Annexure 4

Financial year	Member Name	Gross purchase	Gross sales
1999-2000	Yatin Shah & Co.	30600	29700
	Shobha Investment	31500	29700
	Mulani Amin	36200	42100
	Harish Kadam	32100	31800
Total		130400	133300
2000-2001			
	Shrine Investment	153900	154400
	Shoba Investments	143200	139500
	Yatin Shah & Co.	122100	102300
	Kabu Investment	105900	105900
	Trimity Investment	75200	75200
	Vinod Kumar Jagannath	62100	62100
Total		687000	683500
2001-2002	Shobha Investment	75100	75100
	Yatin Shah & co.	60300	56100
	Kabu Investment Services	47500	47500
	Trimty Investment	41100	41100
	Shrine Invetments	37400	37400
	Kanchan Investments	34500	39700
	Sharad B Shah	28600	24900
	Clever Investments	21300	21300
	Chirag Investments	19600	16400
	CR Kulkarni	16700	16300
	Ramesh G Shah	12300	13000
	PL Pushpalaxmi C&C	13200	13100
	Jagannath Vinod Kumar	5300	6300
Total		412900	401400

Annexure 5

Period	Member Name	Gross Purchase	Gross Sales
Oct 1999 – March 2000	Sakurthi Finvest	46,800	48,200
	Swagath Sec.	34,300	34,100
	Dagaliya Consultants	26,700	29,500
	ICDS Sec.	23,800	23,700
	M's Sec	16,800	16,200
	First Sec	15,800	15,700
	Total	**164200**	**167400**
2000-2001	M's Securities	161940	163450
	Sakurthi Finvest	137200	132950
	Harikrishna Stocks	119450	122250
	Swagath Securities	119350	116250
	Gayathri Securities	99600	99800
	Dagaliya Consultants	77600	77850
	Eco Stocks/Wyscare	33000	33000
	Uday Stocks	30500	31400
	Marlecha Securities	23300	23300
	Total	**849840**	**847620**
St.1040 of 2000-01	Ganesh Stocks	48120	47370
	Nereveth Securities	46550	45950
	Prasidhi Marketing	37850	37950
	Indavra Securities	34950	34851
	Hexagon Capital	34850	34801
	M's Securities	22900	23090
	Dagaliya Consultants	18450	18700
	Sakurthi Finves	16985	14650
	Gayathri Securities	14600	14600
	Swagath Securities	11900	11900
	Total		

Name of the broker	**Name of the major clients**		
	Oct 1999- Mar 2000	2000-2001	Apr 2001 - Dec
Sakurthi Finvest	Porwal group Modi family Taleshra family	Hemendra Taleshra Pratibha Taleshra Sharmila Bachawat Lata KB Navoday Agencies Porwal & Co. Vimal Mishra Himmat Singh Porwal	DTC Securities Dhiren C Porwal & Co. Sharmila Bachawat Navoday Agencies
Swagath Securities	Kiran Shah Manish Shah Sun Securities	 Himmat Kiran Shah	Manish Shah Kirsn Shah Sun Securities

	Meena Sailesh	Manish Shah	Himmat
	Sailesh P	Sun Securities	
	Ashok		
Dagaliys	Khandelwal		Axis Financial
Consultants	Prakash Patil	Axis Financial	
	Dharmesh Sheth	Dharmesh Sheth	
	Axis Financial	Ashok Taleshra	
	Ashok Taleshra	Prakash Patil	
	Own account		
ICDS Securities			
	Modi group		
First Securities			
	Own account		
	Rambhabha Holdings		
M's Securities			Own account
	Own account	Own account	
	Amit Porwal	Pradip Porwal	
	Mukesh Porwal	Mukesh Porwal	
		Amit Porwal	
Gayathri Securities			Own account
		Own account	
Harikrishna Stocks			
		Prabhu Lal Paliwal	
		Shahid Gori	
Wyscare Securities			
		Uday Narayan Shetty	
Uday Stocks & Sec Pvt Ltd.			
		Priyadarshini Bhati	
		Trading account	
		Chandra Bai	
Marlecha Securities		Manish Kumar	
			Santosh Chindaliya
Ganesh Stock & Sh.			Deepak Chabbria/ Sandeep Bothra
Nereyeth Securities			Chattar Mal Dugar
			Mahendra Kr Sancheti
Prasidhi Marketing			
			Pukhraj Devi Sancheti
Indavara Securities			
Hexagon Capital			

Annexure 6

Date	Buying Client	Selling client	Price	Quantity	Value
03-Mar-00	Maniram Consultancy	EDTV(Mauritius)	799.5	12500	9993750
04-Apr-00	Maniram Consultancy	EDTV(Mauritius)	789	3000	2367000
16-May-00	Maniram Consultancy	EDTV(Mauritius)	889	600	533400
16-May-00	Maniram Consultancy	EDTV(Mauritius)	891	5000	4455000
16-May-00	Maniram Consultancy	EDTV(Mauritius)	894	9000	8046000
08-Jun-00	Maniram Consultancy	Discover Investments	859	500	429500
08-Jun-00	Maniram Consultancy	EDTV(Mauritius)	860	5300	4558000
08-Jun-00	Maniram Consultancy	EDTV(Mauritius)	861	7900	6801900
08-Jun-00	Maniram Consultancy	EDTV(Mauritius)	862	6100	5258200
08-Jun-00	Maniram Consultancy	EDTV(Mauritius)	862	1900	1637800
06-Jul-00	Maniram Consultancy	Discover Investments	714	25000	17850000
24-Jul-00	Maniram Consultancy	Discover Investments	689	500	344500
09-Aug-00	Maniram Consultancy	Discover Investments	849	103500	87871500
05-Sep-00	Maniram Consultancy	Discover Investments	853	4300	3667900
14-Sep-00	Maniram Consultancy	Discover Investments	810	7100	5751000
15-Sep-00	Maniram Consultancy	Discover Investments	795	29000	23055000
04-Oct-00	Maniram Consultancy	Discover Investments	614	9000	5526000
03-Nov-00	AGS Financials	Discover Investments	148	116500	17242000
04-Nov-00	Discover Investments		143	7000	-1001000
14-Nov-00	EDTV(Mauritius)	AGS Financials	143	70000	10010000
15-Dec-00	Maniram Consultancy	Discover Investments	158.25	37000	5855250
18-Dec-00	Maniram Consultancy	Discover Investments	151.5	619200	93808800
01-Jan-01	Maniram/AGS/Parakh	Discover Investments	149.5	1100400	164509800
15-Feb-01	Maniram Consultancy	Discover Investments	164.26	60200	9888452
15-Feb-01	AGS Financials	Discover Investments	164.5	52700	8669150
15-Feb-01	Parakh Share & Stock	Discover Investments	164.75	38100	6276975
22-Feb-01	Maniram Consultancy	Discover Investments	159.52	65500	10448560
28-Feb-01	Maniram Consultancy	Discover Investments	156.53	84000	13148520
09-Mar-01	AGS Financials	Discover Investments	152.54	126900	19357326
16-Mar-01	AGS Financials	Discover Investments	150.55	42400	6383320
04-Apr-01	Parakh Share & Stock	Discover Investments	148.95	200300	29834685
11-Jun-01	Dingo Vincom Pvt. Limited	Discover Investments	155.53	164000	25506920
08-Aug-01	Dingo Vincom Pvt. Limited	Discover Investments	153.19	71500	10953085
04-Oct-01	EDTV(Mauritius)	Dingo Vincom Pvt. Limited	109.78	85000	9331300
13-Nov-01	Dingo Vincom Pvt. Limited	Discover Investments	78.4	51000	3998400
14-Dec-01	Dingo Vincom Pvt. Limited		68.6	73000	5007800
14-Dec-01	Dingo Vincom Pvt. Limited	Discover Investments	68.4	73000	4993200
Total				3367900	642368993

Annexure 7

Date	Amount	Buyer	Funds transferred to Buyers from	Further Transferred from
03-03-00	1	Maniram	Dalhousie	Home Trade
16-05-00	1.3	Maniram	Dalhousie	Home Trade
08-06-00	0.52	Maniram	Dalhousie	Home Trade
	0.04	Maniram	Dalhousie	Home Trade
09-08-00	1.61	Maniram	Dalhousie	Ketan Sheth
14-09-00	9.15	Maniram	Dalhousie	EDTV India Limited.
19-09-00	2.75	Maniram	Dalhousie	Home Trade
27-09-00	0.02	Maniram	Dalhousie	Home Trade
29-11-00	0.7	Maniram	Dalhousie	Home Trade
18-12-00	1.8	Maniram	Dalhousie	Ketan Sheth
18-12-00	1.92	Maniram	Dalhousie	Home Trade
01-01-01	5.25	Maniram	Poddar	Ways India
	5.25	Ags Fin	Hoogly	Ways India
	4.79	Ags Fin	Maniram	
01-01-01	5.44	Parakh	Pacific	Ways India
12-01-01	1	Maniram	Poddar	Dalhousie And Dalhousie Received From Giltedge Mgmt. Services
12-02-01	1.76	Maniram	Pacific	Home Trade
	1	Maniram	Pacific	Local Cheque
15-02-01	2.56	Maniram	Poddar	Home Trade
15-02-01	1.05	Parakh	Pacific	Home Trade
28-02-01	0.05	Maniram	Pacific	Dalhousie and Dalhousie received from Ketan Sheth
09-03-01	0.87	Ags Fin.	Pacific	Dalhousie and Dalhousie received from Ketan Sheth
16-03-01	1.3	Ags Fin	Hoogly	Ketan Sheth
	0.63	Ags Fin	Hoogly	Maniram
	0.18	Ags Fin.	Poddar	Home Trade
04-04-01	1.74	Ags Fin.	Pacific	Dalhousie and Dalhousie received from Ketan Sheth
04-04-01	0.17	Parakh	Hoogly	Dalhousie and Dalhousie received from Home Trade